

APPENDIX A LTAF II PROGRAM GUIDELINES AND ELIGIBLE RECIPIENTS AND EXPENDITURES FOR PUBLIC TRANSPORTATION

INTRODUCTION AND GUIDELINES

According to legislation enacted in 1998, cities, towns, and counties that receive \$2,500.00 or more in Local Transportation Assistance Fund II (LTAF II) funding annually are required to use the funding for public transportation. Additionally, a city, town, or county may enter into an agreement with a federally recognized Indian tribe for maintaining or operating public transit service provided by the Tribal government. Following is a general outline of eligible expenditures and recipients related to LTAF II funding. Attached is a Glossary that further describes the terminology used in this document.

As related to LTAF II, public transportation is defined as any service, vehicle(s), or support facility for a vehicle(s), intended for the purpose of conveying multiple passengers (i.e. typically 5 or more¹) and which meets applicable state and federal safety and accessibility laws, rules, and regulations. The definition also includes the planning and administrative support for such services. It is the intent of the legislation to provide funds to communities and counties for the purpose of providing transportation service that is open to the following populations (further defined in the Glossary):

- The general public;
- Elderly persons;
- Persons with disabilities;
- Welfare recipients and “low-income” persons engaged in employment activities.

LTAF II funding is distributed directly to cities, towns, and counties in Arizona. Once the distribution is received by the jurisdiction, eligible entities to provide public transportation include:

- Cities, towns, and counties and other governmental entities;
- Federally recognized Tribal Governments;
- Private, not-for-profit agencies;
- Private, for-profit transportation providers to the general public, elderly, persons with disabilities, welfare recipients and low-income persons needing transportation for work related activities.

This eligibility does not typically include “community service organizations” which are not open to the general public, or which do not otherwise provide special-needs or low-income/welfare-to-work employment transportation service for employment purposes. In order for a “community service organization” to receive assistance from LTAF II funds, its *primary focus* in the provision of transportation service must be to the general

¹ Some “special needs,” “dial-a-ride,” or other demand-responsive or carpool vehicles may have capacity of less than 5 passengers, and include vehicle types such as sedans or station wagons. In the event such a vehicle is used for transit purposes, it should have appropriate external identification.

public and/or one of the specific groups noted above (i.e., it cannot provide “exclusive” service which limits by charter or other governing condition, scheduling, routing, capacity or other restrictions, availability to one or more of these groups).

In the case of private, not-for-profit agencies and private, for-profit transportation providers, the city, town, or county receiving the LTAF II funding must enter into a contract or grant agreement with the proposed operator to provide the transportation service that is approved by its governing body. The contract and/or grant agreement, accompanied by Board or Council resolution, must be available to ADOT as evidence of the agreement.

The funding is intended to be used within or proximate to the community or county receiving the LTAF II distribution. Jurisdictions may enter into agreements to share LTAF II funding to provide eligible public transportation services across jurisdictional boundaries in order to meet the mutual public transportation needs of the communities involved. Additionally, the funds may be utilized to provide “vouchers” or other remuneration for services rendered to for-profit transportation companies when there is clear evidence that the service is for the general public, special-needs population, or “low-income” and “welfare to work” employment services.²

By statute, LTAF II projects must conform to a regional transportation plan. Additionally, use of LTAF II funding implies that all applicable state and federal Civil Rights statutes are to be complied with in the provision of transportation services rendered with these funds, including but not limited to, Title VI of the Civil Rights Act (as amended) and the Americans with Disabilities Act (as amended). It is the responsibility of the LTAF II jurisdiction in receipt of the funds and any end-use (grant or subcontract) recipient to be familiar with all portions of State and Federal Motor Vehicle Safety Standards, Motor Carrier, and Motor Vehicle Division regulation requirements, restrictions, and conditions.

2 Year Expenditure Limit & Waiver

Funds distributed to eligible counties, and incorporated cities and towns must be utilized within a two-year timeframe *from the start of the appropriating State Fiscal Year of the funds in question*. For example, LTAF II distributions received in SFY 2004 must be expended on or before June 30, 2005. LTAF II funding is distributed on an annual basis to cities, towns, and counties on a quarterly basis. Operationally this means that entities receiving LTAF II distributions have from 12 to 21 months in which to program and expend *all of that year’s* funds. In the instance an entity has not, or does not expect to, expend all of its funds within this timeframe, it must submit a letter to ADOT requesting a waiver if it wishes to retain those funds. **Waivers are granted for a maximum one (1) year extension.** Granting of waivers is not automatic and requests are subject to ADOT or other State review. If an entity does not request a waiver—or otherwise does not meet the two-year expenditure limit—unspent funds are subject to remittance to the State Treasurer’s Office to be redistributed into the statewide fund.

² When LTAF II funds are utilized as vouchers or other remuneration for services, the grant recipients must document what conditions are placed on the provision of services, such as detail of fare structure, hours of operation, service area, eligible passengers, etc.

LTAF II ELIGIBLE PUBLIC TRANSPORTATION EXPENDITURES

Planning and Training Related Expenses

LTAF II funding may be used for transit planning studies or portions of planning studies focused on transit planning needs for the community. Additionally transit training activities are eligible. Included in this category are:

- Short and long range transit related plans and programs to develop, implement, or enhance transit patronage;
- Transit training for activities related to transit procurement and operations; and
- Transit related memberships in organizations and associations associated with transit activities.

Capital Expenses

Capital expenses include the acquisition, construction and improvement of public transit facilities and equipment needed for a safe, efficient and coordinated public transportation system. Examples of eligible capital expenditures include, but are not limited to:

- Buses;
- Vans or other paratransit vehicles;
- Light and rapid rail construction projects;
- Radios and communications equipment;
- Passenger shelters, bus stop signs, and similar passenger amenities;
- Bus “turn-out” lanes or bays;
- Wheelchair lifts and restraints;
- Vehicle rehabilitation, remanufacture, or overhaul;
- Storage and/or maintenance facility designed and used to house transit vehicles or equipment;³
- Car and van pooling vehicles;
- Extended warranties which do not exceed the industry standard;
- Operational support such as computer hardware or software;
- Installation costs; vehicle procurement, testing, inspection and acceptance costs;
- Construction or rehabilitation of transit facilities including design, engineering and land acquisition;
- Facilities to provide access for bicycles to transit facilities or equipment for transporting bicycles on transit vehicles;
- Lease of equipment or facilities when lease is more cost effective than purchase;
- The capital portion of costs for service provided under contract. Such costs are commonly referred to as the "capital cost of contracting" and include

³ In order for a storage or maintenance facility or equipment to be eligible for LTAF II funding, their use must be primarily for “transit-specific” activities. A maintenance garage or parking lot that is used primarily for street maintenance equipment but occasionally services public transit vehicles would not be eligible unless the recipient agency’s budget line-item specifically allocates a prescribed portion to transit use.

depreciation, interest on facilities and equipment, as well as those allowable capital costs that would otherwise be incurred directly, including maintenance;

- Transit related intelligent transportation systems, (e.g. passenger information kiosks, scheduling technology, vehicle locator or tracking systems, and road and weather information systems).

Operating Expenses

Operating expenses are considered those costs directly related to system operations. At a minimum, the following items are considered operating expenses:

- Fuel and oil for vehicles;
- Drivers' salaries and fringe benefits;
- Dispatcher salaries and fringe benefits;
- Licenses;
- Insurance
- Space rental (appropriate to transit related operations)
- Maintenance may be treated as either operating or capital for funding purposes.

Other Eligible Expenses

Additional expenses related to public transportation are also eligible for LTAF II funding. The eligible expenses include:

- Marketing and administration of Transportation Demand Management (TDM) programs to encourage reductions in travel and promote alternative modes of travel. Such programs would include:
 - Carpooling and vanpooling
 - Transit usage
 - Walking and bicycling⁴
 - Alternative work schedules including telecommuting and compressed work schedules
- Marketing to advertise and/or promote transit service in the service area.
- Expenses related to financial reporting requirements related to LTAF II.

Exceptions

If the grant recipient or end-use provider has a situation that varies from the eligible recipients and expenditures outlined above, it must contact ADOT to seek clarification regarding eligibility. Additionally, notification to the respective COG/MPO/RPTA apprising them of the request should occur.

⁴ Does not include the construction of bicycle or pedestrian facilities, such as sidewalks or bike lanes.

GLOSSARY OF TERMS

LTAF II -- Local Transportation Assistance Fund II (LTAF II) is legislated funding currently derived from the state general fund and Powerball lottery revenues and provides for additional public transportation funding in Arizona. The statutory language governing the LTAF II program is addressed in ARS 28-8103, 28-5808 and 28-8101. HB 2565 is the original enabling legislation that governed the first two years of the LTAF II program (1999 and 2000). SB 1556, enacted in 2000, modifies HB 2565 with the primary intent being the application of more of the funding to transit use. Up until the SFY 2002 distribution, the majority of funding for the LTAF II program was derived from vehicle license tax (VLT) revenues. HB 2329 was passed in 2000 and replaced the VLT input with state general fund revenues.

General public - Describes all individuals, regardless of age, race, minority status or physical or mental condition.¹

Elderly persons - Describes persons who are 60 years of age or older.¹

Persons with disabilities - Typically describes individuals with irreparable or otherwise chronic, long-term physical or mental impairments that impede significant life functions. As the term is used here, a "disability" does not typically imply or involve temporary or otherwise non-recurrent injury or impairment due to accident or illness.²

Programs funded by LTAF II which are focused on persons with disabilities may provide service to the general public as well as to welfare recipients and low income employment activities when service to these populations does not have a detrimental impact on service to its primary clientele group (i.e. scheduling, routing or documented conflict concerns regarding clientele-mix, as determined by the operator, within federal civil rights parameters).

Public Transportation or Transit - For the purposes of these application materials and the LTAF II Program in general, the terms "Public Transportation" and "Transit" are interchangeable.

Welfare Recipient and Low Income Employment Activities -- Describes service which is oriented to persons who are either welfare recipients or are under the federally-

¹ A provider may place conditions on passenger age if it can document that it is not generally appropriate to its clientele group (such as a senior program), or cannot provide service to that individual(s) in a safe and responsive manner. An example of such a condition may be that service to a child under a specific age cannot be provided unless a travel assistant or guardian accompanies him/her. All operating policies should be spelled out by the provider in a transportation service policy or guidelines document.

² Situations may arise where it is permissible for a service provider to refuse to provide transportation to an individual(s). One such condition is when it can be documented that service cannot be provided in a safe and responsible manner to the individual(s), the passengers, or the driver/operator -- based on an assessment of the individual's condition and/or behavior or driver/operator's skills and capabilities. See the Americans With Disabilities Act (ADA) for further detail on what limitations may be placed on boarding refusals or operator-initiated de-boarding actions en route. Also see the ADA for other limitations or required or otherwise advised service conditions such as service animals, medical equipment such as oxygen tanks, travel companions or assistants, etc.

defined “low income” threshold (see following definitions), who require transportation to government or privately-sponsored employment or employment programs, including but not limited to traditional “welfare-to-work” programs such as Access to Jobs, Temporary Assistance To Needy Families (TANF), etc.

Welfare Recipient--An individual who receives or received aid or assistance under a state program funded under Part A of Title IV of the Social Security Act (whether in effect before or after the effective date of the amendments made by Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193); (110 Stat. 2110)) at any time during the three-year period before the date on which the applicant applies for a grant.

Low-Income Individual--An individual whose family income is at or below 150 percent of the poverty line (as that term is defined in Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) including any revisions required by that section for a family of the size involved, as calculated by HHS. The 1999 guidelines were published in the March 18, 1999, (Volume 64, Number 52) Federal Register, page 13428-13430, and are available on the web at [<http://www.aoa.gov/network/99hhs pov.html>].